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宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED

宏華集團有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 196)

PROFIT WARNING

This announcement is made by Honghua Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) .

The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company and potential investors that based on the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 and the information currently available to the Company, the Group is expected to record a substantial decrease in loss attributable to the shareholders of the Company for the year ended 31 December 2023 as compared to that of approximately RMB 634.42 million for the year ended 31 December 2022, with an estimated decline in loss ranging from 20% to 45%, which mainly attributable

to the substantial growth in orders and revenues in drilling equipment and related products resulting from the Company's efforts to grasp the opportunities arising from the recovery of the energy market to actively expand into the markets both at home and abroad, coupled with its ongoing efforts to optimize the cost management and enhance the operating management, leading to a substantial improvement in loss as compared to that of the last year.

The Company is in the process of finalising the annual results of the Group for the year ended 31 December 2023. The information contained in this announcement is only based on a preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and the information currently available to the Company, and is not based on any figures or information that have been audited or reviewed by the Company's auditors. Details of the Group's annual results for the year ended 31 December 2023 will be disclosed as and when the annual results of the Group the year ended 31 December 2023 are announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Honghua Group Limited
Wang Xu
Chairman

PRC, 21 February, 2024

As at the date of this announcement, the executive directors of the Company are Mr. Wang Xu (Chairman) and Mr. Zhu Hua; and the independent non-executive directors of the Company are Mr. Chen Guoming, Ms. Su Mei, Mr. Chang Qing, Mr. Wei Bin and Mr. Zhang Shiju.